

STILWELL JOSEPH
Form SC 13D/A
May 29, 2012

CUSIP No. 32022K102 SCHEDULE 13D Page 1 of 27

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

SCHEDULE 13D

Under the Securities Exchange Act of 1934
(Amendment No. 6)

FIRST FINANCIAL NORTHWEST, INC.

(Name of Issuer)

Common Stock, par value \$0.01 per share

(Title of Class of Securities)

32022K102

(CUSIP Number)

Mr. Joseph Stilwell

111 Broadway, 12th Floor

New York, New York 10006

Telephone: (212) 269-1551

with a copy to:

Spencer L. Schneider, Esq.

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111 Broadway, 12th Floor

New York, New York 10006

Telephone: (212) 267-6900

(Name, Address and Telephone Number of Person

Authorized to Receive Notices and Communications)

May 24, 2012

(Date of Event which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of §§240.13d-1(e), 240.13d-1(f) or 240.13d-1(g), check the following box. []

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

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1. Names of Reporting Persons. I.R.S. Identification Nos. of above persons (entities only).

Stilwell Value Partners II, L.P.

2. Check the Appropriate Box if a Member of a Group (See Instructions)

(a)

(b)

3. SEC Use Only

4. Source of Funds (See Instructions) WC, OO

5. Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e)

Citizenship or Place of Organization:

6. Delaware

Number of
Shares
Beneficially
Owned by
Each
Reporting
Person With

7. Sole Voting Power: 0
8. Shared Voting Power: 1,603,298
9. Sole Dispositive Power: 0
10. Shared Dispositive Power: 1,603,298

11. Aggregate Amount Beneficially Owned by Each Reporting Person: 1,603,298

12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)

13. Percent of Class Represented by Amount in Row (11): 8.5%

Type of Reporting Person (See Instructions)

14.

PN

1. Names of Reporting Persons. I.R.S. Identification Nos. of above persons (entities only).

Stilwell Value Partners V, L.P.

2. Check the Appropriate Box if a Member of a Group (See Instructions)

(a)

(b)

3. SEC Use Only

4. Source of Funds (See Instructions) WC, OO

5. Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e)

Citizenship or Place of Organization:

6. Delaware

Number of
Shares
Beneficially
Owned by
Each
Reporting
Person With

7. Sole Voting Power: 0
8. Shared Voting Power: 1,603,298
9. Sole Dispositive Power: 0
10. Shared Dispositive Power: 1,603,298

11. Aggregate Amount Beneficially Owned by Each Reporting Person: 1,603,298

12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)

13. Percent of Class Represented by Amount in Row (11): 8.5%

Type of Reporting Person (See Instructions)

14.

PN

CUSIP No. 32022K102 SCHEDULE 13D Page 4 of 27

1. Names of Reporting Persons. I.R.S. Identification Nos. of above persons (entities only).

Stilwell Value Partners VI, L.P.

2. Check the Appropriate Box if a Member of a Group (See Instructions)

(a)

(b)

3. SEC Use Only

4. Source of Funds (See Instructions) WC, OO

5. Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e)

Citizenship or Place of Organization:

6. Delaware

Number of
Shares
Beneficially
Owned by
Each
Reporting
Person With

7. Sole Voting Power: 0
8. Shared Voting Power: 1,603,298
9. Sole Dispositive Power: 0
10. Shared Dispositive Power: 1,603,298

11. Aggregate Amount Beneficially Owned by Each Reporting Person: 1,603,298

12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)

13. Percent of Class Represented by Amount in Row (11): 8.5%

Type of Reporting Person (See Instructions)

14.

PN

1. Names of Reporting Persons. I.R.S. Identification Nos. of above persons (entities only).

Stilwell Value Partners VII, L.P.

2. Check the Appropriate Box if a Member of a Group (See Instructions)

(a)

(b)

3. SEC Use Only

4. Source of Funds (See Instructions) WC, OO

5. Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e)

Citizenship or Place of Organization:

6. Delaware

Number of
Shares
Beneficially
Owned by
Each
Reporting
Person With

7. Sole Voting Power: 0
8. Shared Voting Power: 1,603,298
9. Sole Dispositive Power: 0
10. Shared Dispositive Power: 1,603,298

11. Aggregate Amount Beneficially Owned by Each Reporting Person: 1,603,298

12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)

13. Percent of Class Represented by Amount in Row (11): 8.5%

Type of Reporting Person (See Instructions)

14.

PN

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1. Names of Reporting Persons. I.R.S. Identification Nos. of above persons (entities only).

Stilwell Partners, L.P.

2. Check the Appropriate Box if a Member of a Group (See Instructions)

(a)

(b)

3. SEC Use Only

4. Source of Funds (See Instructions) WC, OO

5. Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e)

Citizenship or Place of Organization:

6. Delaware

Number of
Shares
Beneficially
Owned by
Each
Reporting
Person With

7. Sole Voting Power: 0

8. Shared Voting Power: 1,603,298

9. Sole Dispositive Power: 0

10. Shared Dispositive Power: 1,603,298

11. Aggregate Amount Beneficially Owned by Each Reporting Person: 1,603,298

12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)

13. Percent of Class Represented by Amount in Row (11): 8.5%

14. Type of Reporting Person (See Instructions)

PN

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1. Names of Reporting Persons. I.R.S. Identification Nos. of above persons (entities only).

Stilwell Associates, L.P.

2. Check the Appropriate Box if a Member of a Group (See Instructions)

(a)

(b)

3. SEC Use Only

4. Source of Funds (See Instructions) WC, OO

5. Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e)

Citizenship or Place of Organization:

6. Delaware

Number of
Shares
Beneficially
Owned by
Each
Reporting
Person With

7. Sole Voting Power: 0

8. Shared Voting Power: 1,603,298

9. Sole Dispositive Power: 0

10. Shared Dispositive Power: 1,603,298

11. Aggregate Amount Beneficially Owned by Each Reporting Person: 1,603,298

12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)

13. Percent of Class Represented by Amount in Row (11): 8.5%

14. Type of Reporting Person (See Instructions)

PN

1. Names of Reporting Persons. I.R.S. Identification Nos. of above persons (entities only).

Stilwell Associates Insurance Fund of The S.A.L.I. Multi-Series Fund L.P.

2. Check the Appropriate Box if a Member of a Group (See Instructions)

(a)

(b)

3. SEC Use Only

4. Source of Funds (See Instructions) WC, OO

5. Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e)

Citizenship or Place of Organization:

6. Delaware

Number of
Shares
Beneficially
Owned by
Each
Reporting
Person With

7. Sole Voting Power: 0

8. Shared Voting Power: 1,603,298

9. Sole Dispositive Power: 0

10. Shared Dispositive Power: 1,603,298

11. Aggregate Amount Beneficially Owned by Each Reporting Person: 1,603,298

12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)

13. Percent of Class Represented by Amount in Row (11): 8.5%

14. Type of Reporting Person (See Instructions)

PN

1. Names of Reporting Persons. I.R.S. Identification Nos. of above persons (entities only).

Stilwell Value LLC

2. Check the Appropriate Box if a Member of a Group (See Instructions)

(a)

(b)

3. SEC Use Only

4. Source of Funds (See Instructions) n/a

5. Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e)

Citizenship or Place of Organization:

6. Delaware

Number of
Shares
Beneficially
Owned by
Each
Reporting
Person With

7. Sole Voting Power: 0

8. Shared Voting Power: 1,603,298

9. Sole Dispositive Power: 0

10. Shared Dispositive Power: 1,603,298

11. Aggregate Amount Beneficially Owned by Each Reporting Person: 1,603,298

12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)

13. Percent of Class Represented by Amount in Row (11): 8.5%

14. Type of Reporting Person (See Instructions)

OO

1. Names of Reporting Persons. I.R.S. Identification Nos. of above persons (entities only).

Stilwell Advisers LLC

2. Check the Appropriate Box if a Member of a Group (See Instructions)

(a)

(b)

3. SEC Use Only

4. Source of Funds (See Instructions) n/a

5. Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e)

Citizenship or Place of Organization:

6. Delaware

Number of
Shares
Beneficially
Owned by
Each
Reporting
Person With

7. Sole Voting Power: 0

8. Shared Voting Power: 1,603,298

9. Sole Dispositive Power: 0

10. Shared Dispositive Power: 1,603,298

11. Aggregate Amount Beneficially Owned by Each Reporting Person: 1,603,298

12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)

13. Percent of Class Represented by Amount in Row (11): 8.5%

14. Type of Reporting Person (See Instructions)

OO

1. Names of Reporting Persons. I.R.S. Identification Nos. of above persons (entities only).

Joseph Stilwell

2. Check the Appropriate Box if a Member of a Group (See Instructions)

(a)

(b)

3. SEC Use Only

4. Source of Funds (See Instructions) n/a

5. Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e)

Citizenship or Place of Organization:

6. United States

Number of
Shares
Beneficially
Owned by
Each
Reporting
Person With

7. Sole Voting Power: 0

8. Shared Voting Power: 1,603,298

9. Sole Dispositive Power: 0

10. Shared Dispositive Power: 1,603,298

11. Aggregate Amount Beneficially Owned by Each Reporting Person: 1,603,298

12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)

13. Percent of Class Represented by Amount in Row (11): 8.5%

14. Type of Reporting Person (See Instructions)

IN

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Item 1. Security and Issuer

This is the sixth amendment (this "Sixth Amendment") to the original Schedule 13D, which was filed on September 12, 2011 (the "Original Schedule 13D"), amended on November 7, 2011 (the "First Amendment"), on January 12, 2012 (the "Second Amendment"), on February 15, 2012 (the "Third Amendment"), on February 24, 2012 (the "Fourth Amendment"), and on April 5, 2012 (the "Fifth Amendment"). This Sixth Amendment is being filed jointly by Stilwell Value Partners II, L.P., a Delaware limited partnership ("Stilwell Value Partners II"); Stilwell Value Partners V, L.P., a Delaware limited partnership ("Stilwell Value Partners V"); Stilwell Value Partners VI, L.P., a Delaware limited partnership ("Stilwell Value Partners VI"); Stilwell Value Partners VII, L.P., a Delaware limited partnership ("Stilwell Value Partners VII"); Stilwell Partners, L.P., a Delaware limited partnership ("Stilwell Partners"); Stilwell Associates, L.P., a Delaware limited partnership ("Stilwell Associates"); Stilwell Associates Insurance Fund of the S.A.L.I. Multi-Series Fund L.P., a Delaware limited partnership ("Stilwell SALI Fund"); Stilwell Value LLC, a Delaware limited liability company ("Stilwell Value LLC"), and the general partner of Stilwell Value Partners II, Stilwell Value Partners V, Stilwell Value Partners VI, Stilwell Value Partners VII and Stilwell Associates; Stilwell Advisers LLC, a Delaware limited liability company ("Stilwell Advisers"); and Joseph Stilwell, the managing member of and owner of more than 99% of the equity in Stilwell Value LLC, the general partner of Stilwell Partners and the managing and sole member of Stilwell Advisers. All the filers of this statement are collectively referred to herein as the "Group."

This statement relates to the common stock, par value \$0.01 per share ("Common Stock"), of First Financial Northwest, Inc. (the "Company"). The address of the principal executive offices of the Company is 201 Wells Avenue South, Renton, Washington 98057. The amended joint filing agreement of the members of the Group is attached as Exhibit 2 to the First Amendment.

Item 2. Identity and Background

(a)-(c) This statement is filed by Joseph Stilwell with respect to the shares of Common Stock beneficially owned by Joseph Stilwell, including shares of Common Stock held in the names of Stilwell Value Partners II, Stilwell Value Partners V, Stilwell Value Partners VI, Stilwell Value Partners VII, Stilwell Partners, Stilwell Associates and Stilwell SALI Fund, in Joseph Stilwell's capacities as the managing member and 99% owner of Stilwell Value LLC, which is the general partner of Stilwell Value Partners II, Stilwell Value Partners V, Stilwell Value Partners VI, Stilwell Value Partners VII and Stilwell Associates, the general partner of Stilwell Partners, and the managing and sole member of Stilwell Advisers, which provides investment advice to Stilwell SALI Fund.

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The business address of Stilwell Value Partners II, Stilwell Value Partners V, Stilwell Value Partners VI, Stilwell Value Partners VII, Stilwell Partners, Stilwell Associates, Stilwell Value LLC, and Joseph Stilwell is 111 Broadway, 12th Floor, New York, New York 10006. The business address of Stilwell SALI Fund and Stilwell Advisers is 315 Clocktower Commons, Brewster, New York 10508.

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The principal employment of Joseph Stilwell is investment management. Stilwell Value Partners II, Stilwell Value Partners V, Stilwell Value Partners VI, Stilwell Value Partners VII, Stilwell Partners, Stilwell Associates and Stilwell SALI Fund are private investment partnerships engaged in the purchase and sale of securities for their own accounts. Stilwell Value LLC is in the business of serving as the general partner of Stilwell Value Partners II, Stilwell Value Partners V, Stilwell Value Partners VI, Stilwell Value Partners VII, Stilwell Associates and related partnerships. Stilwell Advisers is in the business of serving as the investment subadviser to Stilwell SALI Fund.

(d) During the past five years, no member of the Group has been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors).

(e) During the past five years, no member of the Group has been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction and, as a result of such proceeding, was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, Federal or State securities laws or finding any violation with respect to such laws.

(f) Joseph Stilwell is a citizen of the United States.

Item 3. Source and Amount of Funds or Other Consideration

Since the filing of the Second Amendment, no funds have been expended to acquire additional shares of Common Stock.

All purchases of shares of Common Stock made by the Group using funds borrowed from Fidelity Brokerage Services LLC or Morgan Stanley, if any, were made in margin transactions on their usual terms and conditions. All or part of the shares of Common Stock owned by members of the Group may from time to time be pledged with one or more banking institutions or brokerage firms as collateral for loans made by such entities to members of the Group. Such loans generally bear interest at a rate based on the broker's call rate from time to time in effect. Such indebtedness, if any, may be refinanced with other banks or broker-dealers.

Item 4. Purpose of Transaction

We had hoped to work with the Company's management and Board of Directors (the "Board") to maximize shareholder value. We expect aggressive action by the Company to de-risk its business and to reduce non-performing assets. We also insist that the Company continue deleveraging. We want management and the Board to pay dividends to shareholders and repurchase shares of outstanding Common Stock with excess capital when permitted by applicable regulations and regulatory commitments.

We are filing this Sixth Amendment to report that at the annual meeting of the Company, our nominee beat Victor Karpiak, the Chairman and President, by a substantial percentage. The Company is attempting to invalidate the Group's votes. We will sue to enforce our rights and will take such action as is appropriate against those responsible for attempting to subvert the election.

On January 11, 2012, our General Counsel, Spencer L. Schneider, became a member of the Company's Board. On February 15, 2012, Mr. Schneider resigned. Having seen firsthand senior management and the directors over those five weeks, we came to believe that, collectively, they are irredeemable. Consequently, we came to believe we could better maximize shareholder value by running a contested election at the annual meeting and removing Mr. Karpiak from the Board. As noted above, at the annual meeting our nominee beat Mr. Karpiak by a substantial percentage.

Since 2000, affiliates of the Group have filed Schedule 13Ds to report greater than five percent positions in 39 other publicly traded companies. For simplicity, these affiliates are referred to as the "Group", "we", "us", or "our." In each instance, our purpose has been to profit from the appreciation in the market price of the shares we held by asserting shareholder rights. In each situation, we believed that the values of the companies' assets were not adequately reflected in the market prices of their shares. The filings are described below.

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On May 1, 2000, we filed a Schedule 13D to report a position in Security of Pennsylvania Financial Corp. ("SPN"). We scheduled a meeting with senior management to discuss ways to maximize the value of SPN's assets. On June 2, 2000, prior to the scheduled meeting, SPN and Northeast Pennsylvania Financial Corp. announced SPN's acquisition. We then sold our shares on the open market.

On July 7, 2000, we filed a Schedule 13D to report a position in Cameron Financial Corporation ("Cameron"). We exercised our shareholder rights by, among other things, requesting that Cameron management hire an investment banker, demanding Cameron's list of shareholders, meeting with Cameron's management, demanding that Cameron invite our representatives to join the board, writing to other Cameron shareholders to express our dismay with management's inability to maximize shareholder value and publishing that letter in the local press. On October 6, 2000, Cameron announced its sale to Dickinson Financial Corp., and we sold our shares on the open market.